



# Activity Review

## North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104 • PO Box 12827 • Raleigh, NC 27605 • (919) 733-4222 • No. 08-2005

### Notice of September 19, 2005, Public Rule-Making Hearing

On September 19, 2005, the North Carolina State Board of CPA Examiners will conduct a public rule-making hearing to consider the following actions:

- Amend rules cited as 21 NCAC 8A .0301, 8A .0308, 8F .0103, 8F .0105, 8F .0106, 8F .0107, 8F .0304, 8F .0401, 8F .0409, 8F .0410, 8G .0410, 8H .0101, 8H .0105, 8M .0105, 8M .0106, 8N .0103, 8N .0204, 8N .0208, 8N .0213, 8N .0302, 8N .0303, 8N .0304, 8N .0305, 8N .0307, 8N .0401, and 8N .0408;
- Repeal rules cited as 21 NCAC 8A .0311, 8F .0110, and 8F .0112; and
- Adopt rules cited as 21 NCAC 8N .0214, and 8N .0308.

The hearing will be held at 10:00 A.M. at the Board office at 1101 Oberlin Road, Suite 104, Raleigh.

If you wish to comment on the proposed actions, please submit your written comments to Robert N. Brooks, Executive Director, NC State Board of CPA Examiners, PO Box 12827, Raleigh, NC 27605-2827. Comments may also be submitted via e-mail to [rnbrooks@bellsouth.net](mailto:rnbrooks@bellsouth.net).

Written comments must be received by the Board no later than September 7, 2005, to be included in the rule-making hearing agenda. The official comment period ends October 14, 2005.

If you wish to attend the rule-making hearing and/or present oral comments on the proposed actions, you must notify the Board's receptionist by telephone at (919) 733-4222 or via e-mail at [cpareceptionist@bellsouth.net](mailto:cpareceptionist@bellsouth.net) no later than 5:00 P.M. on September 7, 2005, so seating arrangements can be made.

Individuals who wish to make oral comments on the proposed actions must indicate which proposed action(s) they will address and if their comments are in favor of or against the proposed action(s).

Please send questions regarding the rule-making process to Robert N. Brooks via e-mail at [rnbrooks@bellsouth.net](mailto:rnbrooks@bellsouth.net).

### Proposed Rules

*21 NCAC 08A .0301, is proposed to be amended to read as follows:*

#### **.0301 DEFINITIONS**

(2) "Agreed upon procedure" means a client has engaged a CPA to issue a report of findings based on specific procedures performed on specific subject matter of specified elements, accounts, or accounting information that is part of but significantly less than a financial statement; "Agreed upon procedures of prospective financial information" means a professional service whereby a CPA is engaged to issue a report of findings based on specific procedures performed on prospective financial information (financial forecast or financial

projections) prepared by a responsible party.

(3) "Agreed upon procedures of a written assertion" means a professional service whereby a CPA is engaged to issue a report of findings based on specific procedures performed on a written assertion that is the responsibility of another party.

(3)(4) "AICPA" means the American Institute of Certified Public Accountants;

(4)(5) "Applicant" means a person who has applied to take the CPA examination; examination or applied for a certificate of qualification;

(5)(6) "Attest service" means:

(A) any audit;

(B) any review of a financial statement; statements;

(C) any compilation of a financial statement statements; when the CPA expects, or reasonably might expect, that a third party will use the compilation and the CPA does not disclose a lack of independence;

(D) any examination of prospective financial information; or statements;

(E) any agreed upon procedure; any compilation of prospective financial statements;

(F) any agreed upon procedures of prospective financial information;

**Rules**

*continued on page 2*

## Rules continued from front

(G) any examination of written assertions;

(H) any review of written assertions; or

(I) any agreed upon procedures of written assertions.

~~(6)(7)~~ "Audit" means an examination of financial statements of a person by a CPA, conducted in accordance with generally accepted auditing standards, to determine whether, in the CPA's opinion, the statements conform with generally accepted accounting principles or, if applicable, with another comprehensive basis of accounting; "Audit" means a professional service whereby a CPA is engaged to examine financial statements, prepared by management, to express an opinion on whether the financial statements are presented in conformity with generally accepted accounting principles or other comprehensive basis of accounting.

~~(7)(8)~~ "Calendar year" means the 12 months beginning January 1 and ending December 31;

~~(8)(9)~~ "Candidate" means a person whose application to take the CPA examination has been accepted and who may sit for the CPA examination;

~~(9)(10)~~ "Client" means a person who orally or in writing agrees with a licensee to receive any professional services;

~~(10)(11)~~ "Commission" means compensation, except a referral fee, for recommending or referring any product or service to be supplied by another person;

~~(11)(12)~~ "Compilation of a financial statement" means presenting in the form of a financial statement information that is the representation of any other person without the CPA's undertaking to express any assurance on the statement; "Compilation of financial statements" means a professional service whereby a CPA is engaged to present, in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the statements.

(13) "Compilation of prospective financial statements" means a professional service whereby a CPA is engaged to assemble, to the extent necessary, prospective financial statements (forecasted financial statements or projected financial statements) based on the responsible party's assumptions, to perform the required compilation procedures and to issue a compilation report on whether the statements are presented in conformity with AICPA presentation guidelines.

~~(12)(14)~~ "Conditional," when used to refer to the status of a person, describes a person who holds a North Carolina certificate of qualification under certain conditions as imposed by the Board, such as additional requirements for failure to complete the required CPE hours in a calendar year; year, for failure to comply with CPA firm registration, or for failure to comply with peer review reporting and or participation in peer review.

~~(13)(15)~~ "Contingent fee" means a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service;

~~(14)(16)~~ "CPA" means certified public accountant;

~~(15)(17)~~ "CPA firm" means a sole proprietorship, a partnership, a professional corporation, a professional limited liability company, or a registered limited liability partnership which uses "certified public accountant(s) " or "CPA(s) " in or with its name or offers to or renders any attest services in the public practice of accountancy;

~~(16)(18)~~ "CPE" means continuing professional education;

~~(17)(19)~~ "Disciplinary action" means revocation or suspension of, or refusal to grant, membership, or the imposition of a reprimand, probation, constructive comment, or any other penalty or condition;

~~(18)(20)~~ "Examination of prospective

financial information" means an evaluation by a CPA of:

~~(A)~~ a forecast or projection;

~~(B)~~ the support underlying the assumptions in the forecast or projection;

~~(C)~~ whether the presentation of the forecast or projection is in conformity with AICPA presentation guideline; or

~~(D)~~ whether the assumptions in the forecast or projection provide a reasonable basis for the forecast or projection;

"Examination of prospective financial statements" means a professional service whereby a CPA is engaged to evaluate the preparation of prospective financial statements by a responsible party to evaluate the support underlying the assumptions, to evaluate the presentation of prospective financial statements for conformity with the AICPA presentation guidelines and to issue an examination report.

~~(21)~~ "Examination of a written assertion" means a professional service whereby a CPA is engaged to examine and issue a report on whether an assertion (any declaration or set of declarations about whether the subject matter is based on or in conformity with the criteria selected) that is the responsibility of another party is presented or stated fairly in all material respects based on the criteria.

~~(19)(22)~~ "FASB" means the Financial Accounting Standards Board;

~~(20)(23)~~ "Forecast" means prospective financial statements that present, to the best of the responsible party's knowledge and belief, an entity's expected financial position, results of operations, and changes in financial position or cash flows that are based on the responsible party's assumptions reflecting conditions the entity expects to exist and the course of action the entity expects to take;

~~(21)(24)~~ "GASB" means the Governmental Accounting Standards Board;

~~(22)(25)~~ "Inactive," when used to refer to the status of a person, describes one who has requested inactive status and been approved by the Board and who does not use the title "certified public

accountant” nor does he or she allow anyone to refer to him or her as a “certified public accountant,” and neither he or she nor anyone else refers to him or her in any representation as described in 21 NCAC 8A .0308(b).

~~(23)~~(26) “IRS” means the Internal Revenue Service;

~~(24)~~(27) “Jurisdiction” means any state or territory of the United States or the District of Columbia;

~~(25)~~(28) “License year” means the 12 months beginning July 1 and ending June 30;

~~(26)~~(29) “Member of a CPA firm” means any CPA who has an equity ownership interest in a CPA firm;

~~(27)~~(30) “NASBA” means the National Association of State Boards of Accountancy;

~~(28)~~(31) “NCACPA” means the North Carolina Association of Certified Public Accountants;

~~(29)~~(32) “North Carolina office” means any office physically located in North Carolina;

~~(30)~~(33) “Person” means any natural person, corporation, partnership, professional limited liability company, registered limited liability partnership, unincorporated association, or other entity;

~~(31)~~(34) “Professional” means arising out of or related to the particular knowledge or skills associated with CPAs;

~~(32)~~(35) “Projection” means prospective financial statements that present, to the best of the responsible party’s knowledge and belief, given one or more hypothetical assumptions, an entity’s expected financial position, results of operations, and changes in financial position or cash flows that are based on the responsible party’s assumptions reflecting conditions it expects would exist and the course of action it expects would be taken given such hypothetical assumptions;

~~(33)~~(36) “Referral fee” means compensation for recommending or referring any service of a CPA to any person;

~~(34)~~(37) “Retired,” when used to refer to

the status of a person, describes one possessing a North Carolina certificate of qualification who verifies to the Board that the applicant does not receive or intend to receive in the future any earned compensation for current personal services in any job whatsoever and will not return to active status. However, retired status does not preclude volunteer services for which the retired CPA receives no direct nor indirect compensation so long as the retired CPA does not sign any documents, related to such services, as a CPA;

~~(35)~~(38) “Revenue Department” means the North Carolina Department of Revenue;

~~(36)~~(39) “Review” means to perform an inquiry and analytical procedures that permit a CPA to determine whether there is a reasonable basis for expressing limited assurance that there are no material modifications that should be made to financial statements in order for them to be in conformity with generally accepted accounting principles or, if applicable, with another comprehensive basis of accounting; “Review of financial statements” means a professional service whereby a CPA is engaged to perform procedures, limited to analytical procedures and inquiries, to obtain a reasonable basis for expressing limited assurance on whether any material modifications should be made to the financial statements for them to be in conformity with generally accepted accounting principles or other comprehensive basis of accounting.

(40) “Review of a written assertion” means a professional service whereby a CPA is engaged to perform review procedures that are substantially less in scope than an examination and to issue a report providing limited assurance on whether an assertion (any declaration or set of declarations about whether the subject matter is based on or in conformity with the criteria selected), that is the responsibility of another party, is presented or stated fairly in all material respects based on the criteria.

~~(37)~~(41) “Reviewer” means a member of a review team including the review team captain.

~~(38)~~(42) “Suspension” means a revocation for a specified period of time. A CPA may be reinstated after a specific period of time if the CPA has met all conditions imposed by the Board at the time of suspension; and

~~(39)~~(43) “Trade name” means a name used to designate a business enterprise.

(44) “Work papers” mean the CPA’s records of the procedures applied, the tests performed, the information obtained, and the conclusions reached in attest services, tax, consulting, special report, or other engagement. Work papers include, but are not limited to, programs used to perform professional services, analyses, memoranda, letters of confirmation and representation, checklists, copies or abstracts of company documents, and schedules of commentaries prepared or obtained by the CPA. The forms include, but are not limited to, handwritten, typed, printed, word processed, photocopied, photographed, computerized data, or in any other form of letters, words, pictures, sounds or symbols.

(45) “Work product” means the end result of the engagement for the client which may include, but is not limited to a tax return, attest services, consulting report, and financial planning. The forms include, but are not limited to, handwritten, typed, word processed, photocopied, photographed, computerized data, or in any other form of letters, words, pictures, sounds, or symbols.

(c) Any requirement to comply by a specific date to the Board that falls on a weekend or federal holiday shall be received as in compliance if postmarked by U.S. Postal Service cancellation or received in the Board office on the next business day.

*21 NCAC 08A .0308, is proposed to be amended to read as follows:*

## **.0308 HOLDING OUT TO THE PUBLIC**

(a) The phrase “holds himself out to the public as a certified public accountant,” as used in defining “public practice of

**Rules**

*continued on page 4*



## Rules *continued from page 3*

accountancy” in G.S. 93-1(a)(5) and in these rules, means any representation that a person holds a certificate of qualification, if that representation is made in connection with an offer to perform or the performance of accountancy services for the public, regardless of whether that representation is made by the person, someone associated with that person, or someone serving as that person’s agent. Any such representation is presumed to invite the public to rely upon the professional skills implied by the certificate in connection with the professional services offered to be performed or performed by the person.

(b) For purposes of this Rule, a representation shall be deemed to include any ~~oral~~ oral, electronic, or written communication indicating that the person holds a certificate, including without limitation the use of titles or legends on letterheads, reports, business cards, brochures, resumes, office signs, telephone ~~directories~~ directories, websites, the Internet, or any other advertisements, news articles, publications, listings, tax return signatures, signatures on experience or character affidavits for exam or certificate applicants, displayed membership in CPA associations, displayed CPA licenses from this or any other state, jurisdiction, and displayed certificates or licenses from other organizations which have the designation “CPA” or “Certified Public Accountant” by the licensee’s name.

*21 NCAC 08A .0311, is proposed to be repealed as follows:*

### **.0311 EMPHASIS IN TAXATION OR ACCOUNTING**

*21 NCAC 08F .0103, is proposed to be amended to read as follows:*

### **.0103 FILING OF EXAMINATION APPLICATIONS AND FEES**

(a) All applications for CPA examinations shall be filed with the Board, accompanied by the examination fee. The Board sets the fee for each examination at the amount that enables the Board to recover only its actual costs of examina-

tion services. If a check or credit card authorization fails to clear the bank, the application shall be deemed incomplete and returned.

~~(b) Completed initial applications shall be postmarked with proper postage not later than the last day of January for the spring examination and not later than the last day of July for the fall examination. Completed re-exam applications shall be postmarked with proper postage not later than the last day of February for the spring examination and not later than the last day of August for the fall examination. If one of those dates falls on a weekend or federal holiday, the application shall be postmarked or received in the Board office by the end of the next business day. Only a U.S. Postal Service cancellation shall be considered as the postmark. If an application is sent to the Board office via a private delivery service, the date the package is received by the delivery service shall be considered as the postmark.~~

~~(c)(b)~~ The initial application filed to take the examination shall include supporting documentation demonstrating that all legal requirements have been met, such as:

- (1) minimum legal age;
  - (2) education;
  - (3) experience, if required in order to qualify for the examination; and
  - (4) good moral character.
- (5) Any person born outside the United States shall furnish to the Board office evidence of citizenship; evidence of resident alien status; or

(A) other bona fide evidence that the applicant is legally allowed to remain in the United States for the purposes of becoming a U.S. citizen; or

(B) a notarized affidavit of intention to become a U.S. citizen; or

(C) evidence that the applicant is a citizen of a foreign jurisdiction which extends to citizens of this state like or similar privileges to be examined.

~~(d)(c)~~ Official transcripts (originals – not photocopies) signed by the college registrar and bearing the college seal are required to prove education and degree

requirements. A letter from the college registrar of the school may be filed as documentation that the applicant has met the graduation requirements if the degree has not been awarded and posted to the transcript. However, no examination grades shall be released until an official transcript is filed confirming the information supplied in the college registrar’s letter. All applicants submitting transcripts from foreign schools for consideration of degree and of meeting accountancy course requirements shall have had the transcript(s) evaluated by Foreign Academic Credential Service, Inc. (FACS) or a comparable educational evaluation service. Applicants shall determine that their transcripts contain all information required by these Rules.

~~(e)(d)~~ If experience is required to qualify for examination, affidavits shall be prepared and signed by employers on forms supplied by the Board.

~~(f)(e)~~ In order to document good moral character as required by Subparagraph ~~(c)(4)~~ (b)(4) of this Rule, three certificates of good moral character signed by persons not related by blood or marriage to the applicant shall accompany the application.

~~(g)(f)~~ No additional statements and affidavits regarding experience and education shall be required for applications for re-examination.

~~(h)(g)~~ An applicant shall include as part of any application for the CPA examination a statement of explanation and a certified copy of the final deposition if the applicant has been arrested, charged, convicted or found guilty of of, received a prayer for judgment continued or pleaded *nolo contendere* to any criminal offense.

~~(i)(h)~~ If an applicant has been denied any license by any state or federal agency, the applicant shall include as part of the application for the CPA examination a statement explaining such denial. An applicant shall include a statement of explanation and a certified copy of applicable license records if the applicant has been registered with or licensed by a state or federal agency and has been disciplined by that agency.

~~(f)(i)~~ Two recent identical photographs shall accompany the application for the CPA examination. These photographs shall have been taken within the last six months. The photographs shall be of the applicant alone, 2x2 inches in size, with an image size from the bottom of the chin to the top of the head, including hair, of between 1 and 1-3/8 inches. Photographs shall be clear, front view, full face, taken in normal street attire without a hat or dark glasses, and printed on thin paper with a plain light background. They shall be capable of withstanding a mounting temperature of 225 degrees Fahrenheit (107 degrees Celsius). They may be in black and white or in color. Snapshots, most vending-machine prints, and magazine or full-length photographs are unacceptable. Photographs retouched so that the applicant's appearance is changed are unacceptable. Applicants shall write their names on the back of their photos.

~~(k)(j)~~ If an applicant's name has legally changed and is different from the name on any transcript or other document supplied to the Board, the applicant shall furnish copies of the documents legally authorizing the name change.

~~(k)(k)~~ Effective with the administration of the computer-based CPA Examination, candidates shall file initial and re-exam applications to sit for the CPA Examination. Examination on forms provided by the Board.

~~(m)(l)~~ Effective with the administration of the computer-based CPA Examination, examination fees will be valid for a six-month period from the date of the notice to schedule. Notice To Schedule (NTS).

21 NCAC 08F .0105, is proposed to be amended as follows:

#### **.0105 CONDITIONING REQUIREMENTS**

(a) **Passing Grades.** A candidate shall be required to pass all sections of the examination with a grade of 75 or higher on each section.

~~(b) Conditional Credit.~~ If a candidate does not pass all of the sections in one sitting, conditional credit may be re-

tained for passed sections subject to the following:

~~(1) No conditional credit may be retained until the candidate has first passed at least two sections in one sitting;~~

~~(2) To receive conditional credit for any section the candidate must sit for and make a grade of at least 50 on all unpassed sections; and~~

~~(3) The conditional credit is good through the six succeeding times the exam is offered by the Board.~~

~~(c) Military Service.~~ A candidate who was or is in active military service after receiving conditional credit shall have counted as succeeding examinations only those exams for which that candidate applied and was approved during active military service.

~~(d)(b)~~ A candidate who has conditional credit prior to January 1, 1997, may continue to apply to sit for the examination as long as the conditional credit is valid. A candidate who no longer has valid conditional credit after January 1, 1997, shall be required to meet all education requirements in effect at the time of their subsequent application.

~~(e)(c)~~ Effective with the administration of the computer-based CPA Examination, a A candidate is subject to the following conditioning requirements:

(1) A candidate shall be required to obtain a passing grade on all sections of the examination within an 18-month period;

(2) A candidate may sit for any section of the examination individually;

(3) A candidate may sit for each section of the examination up to four times during a one-year period but not more than one time in a three-month testing window as defined by the examination vendors(s);

(4) A candidate shall receive credit on the passage of his or her section(s) of the examination; such credit(s) shall be valid for an 18-month period which begins on the date the section(s) passed is (are) taken; and

(5) A candidate having earned conditional credits on the paper-and-pencil

CPA Examination has until October 31, 2005, or 18 months after administration of the last paper-and-pencil examination to pass the remaining sections(s) before the credits earned under the paper-and-pencil examination expire.

21 NCAC 08F .0106, is proposed to be amended as follows:

#### **.0106 GRANTING EXAMINATION CREDIT FROM OTHER STATES JURISDICTIONS**

(a) The Board may grant candidates credit for passing parts of the AICPA Uniform CPA Examination in another state jurisdiction or territory of the United States.

(b) To be considered for credit, the passing grades must meet the requirements of 21 NCAC 8F .0105. To transfer credit, the candidate must file an application with the Board on a form provided by the Board. Such application may be made simultaneously with the application to take the CPA examination.

21 NCAC 08F .0107, is proposed to be amended to read as follows:

#### **.0107 COMMUNICATION OF RESULTS OF CPA EXAMINATIONS**

(a) The Board shall communicate to candidates in writing the result achieved in each of their examinations. Grades awarded to candidates shall not be released to third parties except by written consent of the candidate.

(b) In no event shall any information concerning answers of candidates be given to anyone other than the candidate.

(c) Examination grades shall be mailed ~~on the uniform national release date agreed to with the NASBA and the AICPA. However, candidates may receive their grades personally at the offices of the Board on the release date by notifying the Executive Director in writing not later than five days prior to the release date.~~ to the candidates upon receipt by the Board.

~~(d) Information prepared by the Board's staff about the results of the examina-~~

**Rules**

*continued on page 6*

## Rules continued from page 5

~~tion and intended for public information shall be made available no earlier than the day after the uniform national release date.~~

21 NCAC 08F .0110 and .0112, are proposed to be repealed as follows:

### **.0110 PROCTORING OTHER JURISDICTIONS' CANDIDATES**

### **.0112 CANDIDATE'S REQUEST TO SIT IN ANOTHER JURISDICTION**

21 NCAC 08F .0304, is proposed to be amended to read as follows:

### **.0304 WAIVER OF EDUCATION REQUIRED PRIOR TO EXAMINATION**

(a) The Board will waive the education requirements specified in 21 NCAC 8F .0302(a)(1) ~~and (2)~~ upon receipt of proof acceptable to the Board that the applicant has scored:

(1) in the 50th percentile rank or higher on each part of either the Graduate Record Examination or the Graduate Management Admission Test; and

~~(2) in the 50th percentile rank or higher on the AICPA Level II Achievement Test.~~

~~(b) The Board shall waive the examination set forth in Paragraph (a) of this Rule upon proof acceptable to the Board that:~~

~~(1) the applicant has enrolled for an advanced degree at a regionally accredited school and, prior to filing an application with the Board, has satisfactorily completed ten semester hours, or the equivalent, of graduate courses, including six semester hours in graduate accounting courses; or~~

~~(2) the applicant has completed 15 semester hours, or the equivalent, of undergraduate courses, including six semester hours, or the equivalent, in undergraduate accounting courses at a regionally accredited school if the applicant possesses a bachelor's degree supplemented by a concentration in accounting but either the bachelor's degree or the concentration in accounting~~

~~is not from a regionally accredited school.~~

21 NCAC 08F .0401, is proposed to be amended to read as follows:

### **.0401 WORK EXPERIENCE REQUIRED OF CANDIDATES FOR CPA CERTIFICATION**

(a) G.S. 93-12(5)(c) ~~(in the text surrounding the second set of a., b., c., and d.)~~ sets forth work experience alternatives, one of which is required of candidates applying for CPA certification. In connection with those requirements, the following provisions apply:

(1) The work experience shall be acquired prior to the date a candidate applies for certification.

(2) All experience which is required to be under the direct supervision of a CPA shall be under the direct supervision of a CPA on active status.

(3) A candidate who applied for the CPA examination under the special examination exception set out in G.S. 93-12(5), and further described in 21 NCAC 8F .0302(a)(2) and (d) shall meet the work experience requirement prior to applying to take the CPA examination.

(b) The following provisions apply to all candidates seeking to meet the work experience requirement by working in the field of accounting, ~~G.S. 93-12(5)(second a.) and (second c.); G.S. 93-12(5)(c)(3).~~

(1) One year of work experience is 52 weeks of full-time employment. The candidate is employed full-time when the candidate is expected by the employer to work for the employer at least 30 hours each week for an indefinite period or for a set period of at least one year. Any other work, including working on an "as-needed" or a temporary basis, is working part-time.

(2) All weeks of actual full-time employment are added to all full-time equivalent weeks in order to calculate how much work experience a candidate has acquired. Dividing that number by 52 results in the years of work experience the candidate has acquired.

(3) Full-time-equivalent weeks are de-

termined by the number of actual part-time hours the candidate has worked. Actual part-time hours do not include hours paid for sick leave, vacation leave, attending continuing education courses or other time not spent directly performing accounting services. For each calendar week during which the candidate worked actual part-time hours of 30 hours or more, the candidate receives one full-time-equivalent week. The actual part-time hours worked in the remaining calendar weeks are added together and divided by 30. The resulting number is the additional number of full-time-equivalent weeks to which the candidate is entitled.

(4) The candidate shall submit experience affidavits on a form provided by the Board from all of the relevant employers; provided that when such experience was not acquired while employed with a CPA firm, the candidate shall also submit details of the work experience and supervision on a form provided by the Board. Experience affidavits for part-time work shall contain a record of the actual part-time hours the candidate has worked for each week of part-time employment. Both the experience affidavit and the form for additional detail shall be certified by the employer's office supervisor or an owner of the firm who is a certificate holder.

(c) 21 NCAC 8F .0409 applies to teaching experience acquired pursuant to ~~G.S. 93-12(5)(second b.); G.S. 93-12(5)(c)(2) and (4).~~

21 NCAC 08F .0409, is proposed to be amended to read as follows:

### **.0409 SATISFACTION OF EXPERIENCE REQUIREMENT BY TEACHING**

(a) Teaching Experience. The requirement of ~~"five~~ "four years experience teaching accounting," G.S. 93-12(5), means teaching accounting full-time for ~~five~~ four years.

(1) Full-time teaching as described by the rules of the educational institution where the applicant taught will be accepted by the Board to be full-time teaching. However, in no case will less than



12 semester hours, or the equivalent, be accepted by the Board as full-time teaching.

(2) If the applicant has not taught accounting full-time for ~~five~~ four years, credit will be allowed by the Board for teaching accounting less than full-time on a pro rata basis based upon the number of semester hours required for full-time teaching at the educational institution where the applicant taught. However, in no case can an applicant receive credit for a full-time teaching year for teaching done in less than one academic year or more credit than one full-time teaching year for teaching done within one calendar year.

(3) Courses outside the field of accounting will not be counted toward full-time teaching. Such courses include, but are not limited to: business law, finance, computer applications, personnel management, economics and statistics.

(4) Of the ~~five~~ four years of full-time teaching experience, teaching accounting principles (below intermediate accounting) cannot be counted toward the educational requirement for more than the equivalent of two full-time years. The remaining ~~three~~ two full-time teaching years must be taught in at least two different areas of advanced accounting such as auditing, income tax, intermediate financial accounting or advanced managerial accounting, and the applicant must have taught at least nine semester hours, or the equivalent, in at least two of the different areas.

The purpose of this Subparagraph is to render unacceptable as meaningful experience both the continuous teaching of the elementary accounting course and the continuous teaching of the advanced courses in only one area of accounting.

(b) Required Information. Applicants must submit with their application a letter from each institution where they taught, certified by the applicant's dean or department head at that institution. The letter must state:

- (1) the number of credit hours which the applicant taught each year;
- (2) the names and academic level of the courses taught; and
- (3) the number of hours set by the rules

of the institution as full-time teaching for each relevant year.

(c) Burden of Proof. An applicant having taught in an accredited community college or technical institute has the burden of proving that the credit earned by students taking those courses which the applicant taught would transfer to a four-year accredited college or university.

*21 NCAC 08F .0410, is proposed to be amended to read as follows:*

#### **.0410 EDUCATION REQUIRED OF CANDIDATES FOR CPA CERTIFICATION**

(a) G.S. 93-12(5)(a) sets forth the education required of candidates applying for CPA certification. The 150 semester hours required shall include a concentration in accounting, as defined by 21 NCAC 8A .0309, and other courses as required by the Board as follows: 24 semester hours of coursework which shall include one three semester hour course from at least eight of the following 10 fields of study:

- (1) communications;
- (2) computer technology;
- (3) economics;
- (4) ethics;
- (5) finance;
- (6) humanities/social science;
- (7) international environment;
- (8) law;
- (9) management; or
- (10) statistics.

(b) Anyone applying for CPA certification who holds a Master's or more advanced degree in accounting, tax law, economics, finance, business administration, or a law degree with an emphasis in taxation or accounting from an accredited college or university or the equivalent thereof shall be in compliance with G.S. 93-12(5)(a); the above.

*21 NCAC 08G .0410, is proposed to be amended to read as follows:*

#### **.0410 PROFESSIONAL ETHICS AND CONDUCT CPE**

(a) As part of the annual CPE requirement, all active CPAs shall complete

CPE on professional ethics and conduct as set out in 21 NCAC 8N. They shall complete either two hours in a group study format or four hours in a self-study format. These courses shall be approved by the Board pursuant to 21 NCAC 8G .0400. This CPE shall be offered by a CPE sponsor registered with the Board pursuant to 21 NCAC 8G .0403(a) or (b).

(b) An active resident or non-resident licensee, who is current with the ethics CPE requirement of a jurisdiction where he or she is currently licensed, is considered to be in compliance with (a) above. If there is no ethics CPE requirement in the jurisdiction where he or she is currently licensed, he or she must be in compliance with (a) above.

### **Address Changed?**

Pursuant to 21 NCAC 8J .0107, all North Carolina CPAs and CPA firms must notify the Board, in writing, within 30 days of any change of address or business location.

For your convenience, a "Notice of Address Change" form is printed on the back cover of the *Activity Review* and is available on the Board's website, [www.cpaboard.state.nc.us](http://www.cpaboard.state.nc.us).

Address changes may be mailed, faxed, or e-mailed to the Board.

Fax your address changes to the Board at (919) 733-4209. E-mail your address changes to [cpareceptionist@bellsouth.net](mailto:cpareceptionist@bellsouth.net).

### **Board Meetings**

September 19  
October 24  
November 21  
December 19

Meetings of the Board are open to the public except when, under State law, some portions may be closed to the public.

Unless otherwise noted, meetings are held at the Board office and begin at 10:00 A.M.



## State Board of CPA Examiners

### Board Members

**Leonard W. Jones, CPA**  
*President, Morehead City*

**Arthur M. Winstead, Jr., CPA**  
*Vice President, Greensboro*

**Jordan C. Harris, Jr.**  
*Secretary-Treasurer, Statesville*

**Norwood G. Clark, Jr., CPA**  
*Member, Raleigh*

**Tyrone Y. Cox, CPA**  
*Member, Durham*

**Thurman L. Gause**  
*Member, Sunset Beach*

**Michael C. Jordan, CPA**  
*Member, Goldsboro*

### Staff

**Executive Director**  
*Robert N. Brooks*

**Deputy Director**  
*J. Michael Barham, CPA*

**Legal Counsel**  
*Noel L. Allen, Esq.*

**Administrative Services**  
*Felecia F. Ashe*

**Communications**  
*Lisa R. Hearne, Manager*

**Examinations**  
*Phyllis W. Elliott*

**Licensing**  
*Buck Winslow, Manager*  
*Alice G. Steckenrider*

**Professional Standards**  
*Ann J. Hinkle, Manager*  
*Mary Beth Britt*  
*Paulette Martin*  
*Jo Richardson*

**Receptionist**  
*Vanessia L. Willett*

North Carolina State Board of  
Certified Public Accountant Examiners  
Post Office Box 12827  
Raleigh NC 27605-2827

PRST STD  
US Postage  
PAID  
Greensboro, NC  
Permit No. 393

20,000 copies of this document were printed for this agency at a cost of \$2,836.22 or 14¢ per copy in August 2005.

## Notice of Address Change

Certificate Holder \_\_\_\_\_  
Last name Jr./III First Middle  
Certificate No. \_\_\_\_\_ Send Mail to \_\_\_\_ Home \_\_\_\_ Business  
New Home Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
CPA Firm/Business Name \_\_\_\_\_  
New Bus. Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone: Bus. ( ) \_\_\_\_\_ Home ( ) \_\_\_\_\_  
Bus. fax ( ) \_\_\_\_\_ E-mail Address \_\_\_\_\_  
Signature \_\_\_\_\_ Date \_\_\_\_\_

**Mail to: NC State Board of  
CPA Examiners  
PO Box 12827  
Raleigh, NC 27605-2827**

**Fax to: (919) 733-4209**

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.